

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Van Taylor
U.S. House of Representatives
Washington, DC 20515

Attention:

Dear Representative Taylor:

I am responding to your inquiry dated April 29, 2020. You asked for guidance related to Section 2203 of the CARES Act which waived required minimum distributions (“RMDs”) for the 2020 calendar year. Specifically, you asked the following questions:

1. Can individuals who received their 2020 RMDs before the CARES Act, roll over the RMDs back to their IRAs or other eligible retirement plan?
2. Will the rollovers of 2020 RMDs be subject to the “one rollover per year” rule for distributions from IRAs?
3. Will the IRS refund the tax the individuals paid on their 2020 RMD if they roll over the RMD into another eligible retirement plan?

Section 2203 of the CARES Act of March 27, 2020 waived all RMDs for the 2020 calendar year. Therefore, individuals can roll over any RMD paid from an IRA in 2020.

Generally, an IRA owner has 60 days from the IRA distribution to roll over that amount to an IRA or other eligible retirement plan. However, on April 9, 2020, we issued Notice 2020-23, 2020-18 IRB 742, to extend the 60-day rollover distribution deadline to July 15, 2020 for distributions that would have been required to be rolled over between April 1, 2020, and July 15, 2020. Therefore, individuals can roll over any 2020 RMD paid between February 1, 2020 and May 16, 2020, no later than July 15, 2020. However, the normal 60-day deadline still applies to any 2020 RMDs paid on or after May 16, 2020.

On June 23, 2020, we issued Notice 2020-51, to provide additional guidance related to Section 2203 of the CARES Act. Notice 2020-51 extended the deadline to roll over any 2020 RMD paid in January 2020 to August 31, 2020. In addition, individuals may repay amounts equal to the 2020 RMD into the IRA that distributed the RMD. That repayment will not be treated as a rollover for purposes of the “one rollover per year” rule.

In addition, any individual who rolls over a 2020 RMD would be entitled to a refund of the tax they paid on that amount. However, they would have to report the tax withheld on their 2020 Form 1040, U.S. Individual Income Tax Return.

For your convenience, I have enclosed a copy of Notice 2020-23 and Notice 2020-51.

I hope that you find this information helpful. If you have any additional questions, please feel free to call me at _____ or _____ at _____.

Sincerely,

Laura B. Warshawsky
Branch Chief, Qualified Plans Branch 1
(Employee Benefits, Exempt Organizations,
and Employment Taxes)

Enclosures (2)